







Business Performance Report for Q1 of the Year 2022

Table of Contents

I. ABOUT PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY 4

II. CORE BUSINESS OPERATIONS 6

III. ORGANIZATIONAL STRUCTURES 7

IV. SUMMARY OF BUSINESS PERFORMANCE REPORT FOR Q1 OF THE YEAR 2022.....9

Business Performance Report for Q1 of the year 2022

I. About Phousy Construction and Development Public Company

Phousy Construction and Development Public Company (referred to as "the **Company**" or "**PCD**") is one of the service providers in Design and Engineering, Procurement and Construction (Design and EPC) management. These include: design engineering, prototype engineering, procurement of materials for engineering works, and constructions. The Company aims to provide construction services focusing in infrastructure projects, namely: road construction, erosion protection and other related infrastructure work.

The Company, **"Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited",** was established by **Mr. Siphone Outhoumphone (Mr. Siphone)** in 1997 with registered capital of LAK 10,000 million, at that time, the Company targeted to be the construction service provider especially in infrastructure project in order to support and facilitate the transportation in northern part of Lao PDR. The Company has experienced the exponential growth which has made it to become the leader in construction engineering services firm of the northern part of Lao PDR. In 2009, **Mr. Sithong Phommachith (Mr. Sithong)**, a young businessman with a vision, became the Company's successor from Mr. Siphone which had achieved exceptional infrastructure projects, such as 2 levels asphalt paving in the northern areas, urban by-pass of Luang Prabang province, earthmoving project for building the road along Lao PDR-Viet Nam-Cambodia borders, conducted the road maintenance work damaged by natural disasters and others. The Company has the potential and therefore has become a leader in infrastructure development due to the fact the Company possesses number of personnel with high level of competency, state-of-the art in construction engineering and technology, maintain consistent quality and standards, on time for project hand over, as well as the ability to build trust to the customers who are the project owner. At present, the Company name has been changed to **Phousy Construction and Development Public Company** to enable the expansion of service scope in comprehensive construction engineering services and act as a project developer in the future.

Year		Summary Company Outstanding Events
1997	:	Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited were established by Mr. Siphone Outhoumphone (Mr. Siphone) with the registered capital LAK 10,000 million to operate the construction business by attend the bidding from the government or the Ministry of Public Works and Transportation (MPWT) or PWT division, Luang Prabang Province. Mr. Siphone saw the difficulty of the transportation, or ground logistic due to inconvenient and dangerous road and with his vision to expand construction business by focusing on infrastructure construction in northern part of the country.
2004 - 2005	:	From the country's economic growth and expansion spreading through small and large city, the in-land logistic has become more important. Mr. Siphone had expanded construction business to Xayaburi and Bokeo District but still focus on infrastructure construction such as Road and Bridge. At that time, Mr. Sithong was responsible for Administrative and Site Management.

2009	:	Mr. Sithong is a young business man with vision, he was successor to run the construction business by transferred from Mr. Siphone to Mr. Sithong and still use the same name as "Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited".
2011	:	Mr. Sithong saw the rapid growth of Luang Prabang Province in crowded area so he advised the Board of Directors to present a project to PWT division of Luang Prabang province to build the by-pass road No.13 North from Kokngiew Village to Phonexay Village and concrete bridge crossing Nam Khan river by total project cost of LAK 209,907 million, which Company used its own working capital to be an advance investment on the construction.
2016	:	According to Annual General Meeting of shareholders on 18th October 2016, the Company has approved to amend the par value to LAK 2,000 per share, increased the registered capital from LAK 10,000 million to LAK 700,000 million and transformed itself from Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited to **"Phousy Construction and Development Public Company"**. According to Extraordinary General Meeting on 18th November 2016, the Company has approved to increase registered capital in amount of LAK 300,000 million by issuing initial public offering in amount of 150 million shares with par value LAK 2,000 per share in order to initial public offering (IPO) to be listed in Lao Securities Exchange (LSX) which increased the Company's registered capital to LAK 1,000,000 million after IPO.
2017		On May 9, 2017, the Lao Securities Commission Office has issued a letter no. 220/LSCO to Phousy Construction and Development Public Company to reduce par value from 2000 Kip per share to 1000 Kip per share which resulted in the reduction of the registered capital amount from 700,000 million Kip to 582, 000 Kip. The altered registered capital amount was reflected in the business registration issued by Ministry of Industry and Commerce on June 27, 2017. On October 2, 2017, the company has completed its new registration capital with an additional amount of 82,000 million Kip right after its closing of the IPO resulting in the new registered capital of 582,000 million Kip. On October 10, 2017, the company had its first day trading and officially listed in the Lao Stock Exchange which has common shares of 82 million shares of par value 1000 Kip per share. The opening trade price per share was 1300 kip per share and closing trade price was at 1350 Kip per share

II- Address

- 3 floor, Continentalplaza Vientiane, Nongbouathong Tai village, Sikhottabong District, Vientiane Lao PDR.
- Tel: +856 21 229696
- Fax: +856 21 265394
- E-Mail: info@pcdlao.co

- Website: www.pcdlao.com

II CORE BUSINESS OPERATIONS

Vision

Phousy Construction and Development strives to pioneer the construction, technology and development in Lao PDR and expanded our business to ASEAN countries.

Mission

Our mission is to provide the best services with international standards in all areas such as high quality, timely delivery, attention to details, honesty and fairness to our partners and customers.

Values

P: Performance that is unrivalled

C: Comprehensive customer relations as the top priority

D: Delivery of on-time high quality work

III MANAGEMENT AND CORPORATE GOVERNANCE

3.1 ORGANIZATIONAL STRUCTURES

Board of Directors of PCD



ທ່ານ ປອ ສີທອງ ພົມມະຈິດ ປະທານສະພາບໍລິຫານ

Ph.D Sithong PHOMMACHITH

Chairman



ທ່ານ ບຸນມີ ມະນີວົງ

ຮອງປະທານສະພາບໍລິຫານ / ສະມາຊິກອິດສະຫຼະ

Mr. Bounmy MANYVONG

Vice Chairman / Independent Member



ທ່ານ ສີທາ ພົມມະຈິດ

ສະມາຊິກສະພາບໍລິຫານ / ຜູ້ອຳນວຍການໃຫຍ່

Mr. Sitha PHOMMACHITH

Member / Chief Executive Officer



ທ່ານ ພູໂຂງ ອ້ວນລະມະນີ ສະມາຊິກ

ສະມາຊິກສະພາບໍລິຫານ

Mr. Phoukhong OUANLAMANY

Member



ທ່ານ ນັນທະລັດ ທິລະກຸນ

ສະມາຊິກອິດສະຫຼະ

Mr. Nanthalath THILAKUN

Member / Independent Member

Managing Directors of PCD



ທ່ານ ສີທາ ພົມມະຈິດ
ຜູ້ອຳນວຍການໃຫຍ່
Mr. Sitha PHOMMACHITH
Chief Executive Officer



ທ່ານ ອຳໄພວັນ ຈັນທະພາລີ
ຜູ້ຊ່ວຍຜູ້ອຳນວຍການໃຫຍ່ຝ່າຍປະຕິບັດການ
Mr. Amphaivanh CHANHTHAPHALY
Chief Operations Officer



ທ່ານ ອານໄລ ສີທາຣາດ
ຜູ້ຊ່ວຍຜູ້ອຳນວຍການໃຫຍ່ຝ່າຍການເງິນ
Mr. Anolay SIHARATH
Chief Financial Officer



ທ່ານ ດວງ ປະທຸມລັກ
ພະແນກ ຈັດຕັ້ງ ບໍລິຫານ
Mr. Duang PATHOUMLACK
Head of HR and Administration Department



ທ່ານ ພຸດທະເສນ ພົມມີໄຊ
ພະແນກ ພັດທະນາທຸລະກິດ ແລະ ການຕະຫຼາດ
Mr. Phoutthasen PHOMMIXAY
Head of Business Development and Marketing Department



ທ່ານ ວິລະຄົມ ພິລາກຸນ
ພະແນກ ອອກແບບ ແລະ ສຳຫລວດ
Mr. Vilakhom PHILAKOUN
Head of Design and Survey Department



ທ່ານ ເກດສະໜາ ຈັນທະວົງ
ພະແນກ ກໍ່ສ້າງ ຕິກກິກາ
Mr. Kethsana CHANHTHAVONG
Head of Construction and Monitoring Deparment



ທ່ານ ນາງ ໄຮທອງ ພົມມະຈິດ
ພະແນກ ການບັນຊີ ການເງິນ
Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting Deparment



ທ່ານ ບຸນທິດ ທອງສັກດີ
ພະແນກ ພະແນກສາງ
Mr. Bounthod THONGSACKDY
Head of Inventory Department



ທ່ານ ຄອນສະຫວັນ ທຳວົງສິດ
ພະແນກ ຈັດຊື້ຈັດຈ້າງ
Mr. Khonesavanh THAMVONGSITH
Head of Procurement Department

3.2 SHARESHOLDERS

Shareholders	Before IPO		After IPO	
	No of Shares	%	No of Shares	%
I. Existing Shareholders	500,000,000	100%	500,000,000	100%
1.1 Ph.D Sithong Phommachith	415,000,000	83.00%	415,000,000	69.17%
1.2 Ms Pienkham Phommachith	50,000,000	10.00%	50,000,000	8.35%
1.3 Mr Siphone Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
1.4 Ms Bouaphanh Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
1.5 Mr Sitha Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.6 Ms Haithong Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.7 Ms Amphone Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.8 Ms Touybouasy Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.9 Ms Phetmany Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
II. Investors from IPO			82,000,000	16.67%
	500,000,000		**582,000,000**	

3.2 Board of Directors and Executives.

Item	Name List	Positions
1	Ph.D Sithong Phommachith	Chairman
2	Mr Boumy Manyvong	Vise Chairman/Independent Director
3	Mr Nanthalath Thilakoun	Director/Independent Director
4	Mr Sitha Phommachith	Director/Chief Executive Officer
5	Mr Phoukhong Ouanlamany	Director

3.3 Audit Committee (The member of Audit Committee)

Item	Name List	Positions
1	Mr Nanthalath Thilakoun	Chairman of Audit Committee
2	Mr Bounmy Manyvong	Audit Committee
3	Mr Sitha Phommachith	Audit Committee

3.4 Risk Management Committee

(The member of Risk Management Committee)

Item	Name List	Positions
1	Mr Bounmy manyvong	Chairman of Risk Management Committee
2	Mr Nanthalath Thilakoun	Risk Management Committee
3	Mr Sitha Phommachith	Risk Management Committee

3.5 3 Compensation Committee (Member of Compensation Committee)

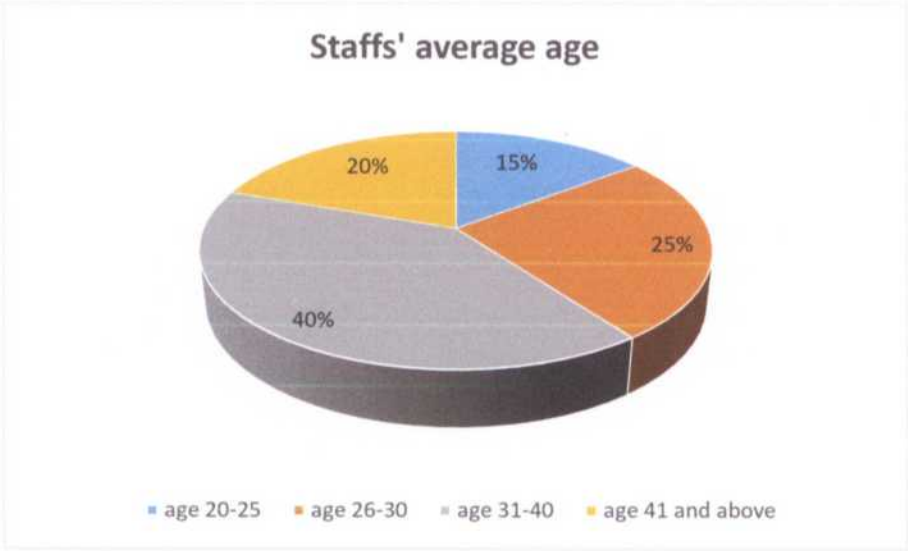
Item	Name List	Positions
1	Mr Nanthalath Thilakoun	Chairman of Compensation Committee
2	Ph.D Sithong Phommachith	Compensation Committee
3	Mr Sitha Phommachith	Compensation Committee

II. SUMMARY OF BUSINESS PERFORMANCE REPORT FOR Q1 OF THE YEAR 2022

Human Resource Management

In regard to the human resources management aspect, in the year 2021 PCD has focusing an organizational to be aligned with the structure and conditions of the Lao Securities Exchange. Social welfare provides better care for employees in the organization, works day by day and has annual leave according to Lao Labor Law. And implemented the order of No.06/ ນຍ To combat and prevent the outbreak of COVID 19 strictly.

- Total number of staff as off 31/03/2022: 175 staffs
- **- Resigned: 0**
- **Recruit 0 new employee**
- Staff Promotion: 0 staffs



➢ **Remuneration and Social Welfare**

- No Salary increases for staffs

➢ **Organize activities for unity of staffs**

- Not active in action due to outbreak COVID-19

Capacity building for staff

- In the Q1 of the Year 2022, there was no activities

Marketing

As a service provider of comprehensive engineering by emphasizing on infrastructure developments services which the majority of the project owners are the government sector. Therefore, our marketing strategy focus on the government sector by transferring the projects on a quality and on-time basis which is an important factor for the project owner that will trust on a quality provided by the Company which create an opportunity to get more jobs in the future. In addition, the Company has built good relationship with the government sector by provide and exchange the construction information along with the studies, exploration of addition areas for road project developments which creates a better chance of winning the bidding.

Currently, PCD is continuing to implement two unfinished projects: the construction of a two-story paved road from Ban Ou Village Luang Prabang District to Sibunheung village Nan district, Luang Prabang province, 50.2 km long, and an upgrade road from Kieu Cheia village to Muang Heub Village Phonethong district Laouang Prabang Province, 32.5 km in length.

I- The project plan continues to be implemented

1. The Vientiane-Pakse Expressway project, worth more than $ 4 billion, and we, Phousy Construction and Development Public Company, are among the four companies that have been shortlisted for the final round. The survey and design of the corridor is now underway, and the Ministry of Public Works and Transport is preparing to submit it to the government to endorse. (Only Phousy Construction and Development Public Company is responsible for the 4th phase from Xeno, Savannakhet to Napong, Saravane Province, the total length is 135.2 km, the initial estimated value is US $ 1,235.82)

2. Modern resettlement villages for low-income guests of 200,000 across the country, are also looking for foreign partners.

3. The construction project of Luang Prabang Special Economic Zone worth US $ 2.5 million is waiting for the project owner to continue demarcating the border and compensating for the environmental impact before it can be implemented.

II- Projects in the plan for the year 2022-2025

3.1- Real estate development project on an area of 500 hectares in Luang Prabang Special Economic Zone. Estimated investment value US $ 50,000,000
3.2- Luang Prabang Mekong Bridge Project worth about 38,000,000 USD

- **Characteristics of Target Customers**

Our target customers are divided into the government and private sectors especially on the infrastructure development projects in the northern part of the country covering the whole country. In the future, the Company's Marketing plans have been focusing on private sectors and sector of construction development for small, medium and mega size projects consecutively.

- **Project Bidding**

The distribution channel of the Company is getting contracts from the government by submitting the bidding documents to quote the prices and negotiate the works with the project owner. The Company then receives the project bidding documents to evaluate the quotation. From time to time, the Company propose the project directly to the project owner to get an approval of the project. However, the project owner shall inspect the possibility of that road construction or project; the feasibility study is needed to mitigate the competition risk in the bidding.

- **Competitive Strategy**

The Company has a policy to increase the work in construction from the government and private sectors. To achieve our target to be a leader in construction and country's development, the Company has planned to expand the business in the ASEAN Community. In order to have a competitive advantage and achieve the target, the Company has developed competitive strategies as followed:

A. Comprehensive construction service company

The Company is a comprehensive construction provider which are prompt to submit the project proposal or enter the bidding competition of both government and private project that have put readiness to the Company to be a leading industrial developer of the country, the Company plans to invest in infrastructure development projects and property development projects with personnel with experienced in construction engineering, use of modern technology, and aim for bigger and more complex projects. The abundance of construction materials and experienced workers have contributed a success to the Company.

B. Quality and standard of the work

Maintaining the quality and standard of work is the reason that the Company has been successful. From the beginning history of the Company, the Company managed to complete the work on time, with reliability and quality of work based on the contract, serves the customers with sincerity, detailed, and honestly.

C. Submitting the work on time

The infrastructure development work, especially on the road construction is a time-consuming project. Therefore, the Company must hand over the works on time as planned. The Company is well known for the submitting the work on time which is an important factor for the Company's success that requires long-term responsibility.

The Company has a systematic management by planning in each phase with continuous personnel empowerment to ensure effective implementation of work to finish on time.

D. Pays attention on the detail of the project

The Company pays the attention on the details in all projects with high experienced managers and engineers, expert in the road, bridge and other construction projects in order to monitoring all project activities which have contributed to the improvement continuously and therefore the decrease the construction costs in various ways. Moreover, the Company aims to achieve that target by developing management concept, use of modern technology to improve the performance as well as to decrease the construction costs.

E. Being honest and fair to our colleagues

As being honest, sincere, and fair for all related stakeholders including the project owner, designer, and supervisor. Due to the fact that the designer knows the project in details. From the principles of being honest and sincere, these have led us to become a well-known company, with a good relationship among the supervisors, designers, and colleagues.

F. Being reliable and trusted by our customers

From the Company's previous success, the Company is reliable and trusted by the customers and the project owner. Since then, the Company has been regularly contacted by the government sector to attend the bidding competition.

Organizational Strategy

From the ambition to provide the best services to gain credibility and trust amongst customers, we are ready to move forward to the future:

- Increase customer base to private sector for small, medium and mega size infrastructure development projects.
- Initiate real estate development portfolio to accommodate the growth of the cities in the country.
- Maintain trust and credibility of the existing customers who worked with us for 20 years by ensuring quality, standards, timely delivery and honesty with details oriented.

TAX

Phousy Development and Construction Public Company was fully registered under the Laws of Lao PDR, especially Law of Taxation which is strictly implemented based on the following table on the payment of tax:

The State Tax in the Q1 for the Year 2022

Item	Details	Units	Total value (kip)
1	Value Added Tax		0
2	Payroll Tax		66.606.000
3	Profit Tax		0
	Total		**66.606.000**

Note: The Business Performance Figures are based on the financial statement report.

Managing Director

Phousy Construction and Development Public

Mr. Sitha PHOMMACHITH

Internal Audit of Company

Mr. Souvanny Kongphachit

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

FINANCIAL STATEMENTS (Unaudited)

31 March 2022

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2022

Assets	Notes	Unaudited Mar-22 Million LAK	Audited Dec-21 Million LAK
Current assets			
Cash and cash equivalents	4	524	176
Trade and other receivables, net	5	153,185	153,049
Inventories		320	320
Other current assets	6	13,161	13,143
Total current assets		**167,190**	**166,688**
Non- current assets			
Property plant and equipment, net	7	447,275	448,129
Long-term loan to related party		861	861
Financial investments - Held-to-maturity		11,095	10,616
Total non-current assets		**459,231**	**459,606**
Total assets		**626,421**	**626,294**
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	8	59,877	58,816
Long-term borrowings from financial institutions	9	38,422	38,422
Long-term borrowings – related parties	9	15,810	15,825
Profit tax payable	10	13,337	13,337
Other current liabilities	11	64,292	61,661
Total current liabilities		**191,738**	**188,061**
Non- current liabilities			
Long-term borrowings		-	-
Total non-current liabilities		-	-
Total liabilities		**191,738**	**188,061**
Equity			
Authorised share capital	12	582,000	582,000
Share premium		12,540	12,540
Retained earnings/(Accumulated loss)			
Appropriated legal reserve	12	11,572	11,572
Unappropriated		(171,429)	(167,879)
Total equity		**434,683**	**438,233**
Total liabilities and equity		**626,421**	**626,294**
		-	-

Mr. Sitha PHOMMACHITH
Managing Director
Date: 13 May 2022

Mr. Anolay Siharath
Chief Financial Officer
Date: 13 May 2022

The accompanying notes on pages 9 to 21 from an integral part of these financial statements.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 March 2022

	Notes	Unaudited Mar-22 Million LAK	Unaudited Mar-21 Million LAK
Revenue from construction		0	0
Cost of construction		(809)	0
Gross profit		**(809)**	**0**
Other income		0	0
Allowance for doubtful gain/(loss), net		0	0
Write-off of assets		0	-
Administrative expenses		(761)	(2,027)
Foreign exchange gain/(loss)		0	0
Interest expenses		(1,980)	(1,982)
Loss before income tax expenses		**(3,550)**	**(4,009)**
Profit tax expenses		0	0
Loss for the year		**(3,550)**	**(4,009)**
Earnings per share			
Basic earnings (loss) per share	13	(6.10)	(6.89)

Mr. Sitha PHOMMACHITH
Managing Director
Date: 13 May 2022

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 13 May 2022

The accompanying notes on pages 9 to 21 from an integral part of these financial statements.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 March 2022

	Share capital (Note 13)	Share premium (Note 13)	Retained earnings/(Accumulated loss)		Total
			Legal reserve (Note 14)	Unappropriated	
	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK
Balance 1 January 2022 (Unaudited)	**582,000**	**12,540**	**11,572**	**(167,879)**	**438,233**
Loss for the year	-	-	-	(3,550)	(3,550)
Balance 31 March 2022	**582,000**	**12,540**	**11,572**	**(171,429)**	**434,683**
Balance 1 January 2021	**582,000**	**12,540**	**11,572**	**(153,984)**	**452,128**
Loss for the year	-	-	-	(13,895)	(13,895)
Balance 31 December 2021 (Audited)	**582,000**	**12,540**	**11,572**	**(167,879)**	**438,233**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 13 May 2022

Mr. Anolay Siharath
Chief Financial Officer
Date: 13 May 2022

The accompanying notes on pages 9 to 21 from an integral part of these financial statements.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March 2022

	Notes	Unaudited Mar-22 Million LAK	Unaudited Mar-21 Million LAK
Cash flows from operating activities:			
Loss before income tax for the year		(3,550)	(4,009)
Adjustments:			
- Unrealised (gain)/loss on exchange rate		0	0
- Depreciation	7	854	1,387
- Interest expense		0	0
- Write-off of assets		0	0
- Allowance for doubtful gain/(loss), net		0	0
Operating loss before working capital changes		**(2,696)**	**(2,622)**
Changes in working capital:			
- Trade and other receivables		(136)	(871)
- Investment in held-to-maturity		0	0
- Inventories		-	3
- Other current assets		(18)	168
- Other non-current assets		(187)	861
- Trade and other accounts payable		1,061	1,587
- Other current liabilities		2,631	1,893
Cash generated from operations		**655**	**1,019**
Income tax paid		-	-
Net cash flows from operating activities		**655**	**1,019**
			-
Cash flows from investing activities:			
Purchase of property plant and equipment		-	-
Purchase of intangible asset		-	-
Net cash used in investing activities		-	-
Cash flows from financing activities:			
Proceeds from borrowing	10	0	(141)
Interest paid		(307)	(860)
Net cash outflow from financing activities		**(307)**	**(1,001)**
Net increase/(decrease) in cash and cash equivalents		**348**	**18**
Cash and cash equivalent at the beginning of the year	4	176	88
Effect of exchange rate changes on cash and cash equivalent		-	-
Cash and cash equivalent at the end of the year	4	**524**	**106**

Mr. Sitha PHOMMACHITH
Managing Director

Mr. Anolay Siharath
Chief Financial Officer

Date: 13 May 2022 Date: 13 May 2022

The accompanying notes on pages 9 to 21 from an integral part of these financial statements.

1. General information

Phousy Construction and Development Public Company is a public company. The address of the Company's registered office is at Continental Plaza Hotel, Nongbuathong-Tai Village, Sikhottabong District, Vientiane Capital, Lao PDR.

The principal businesses of the Company are construct, repair and maintenance road, bridge and others. There is only one customer which is Government of Lao PDR (GoL).

The Company was listed on the Lao Securities Exchange (LSX) market on 10 October 2017.

These financial statements were authorised for issue by managing director on 13 May 2022.

2. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company's principal accounting policies as described below and have been prepared generally under the historical cost convention.

According to the Accounting Law no. 47/NA issued on 26 December 2013, Public Interest Enterprises (PIEs) are required to apply IFRSs. However, Ministry of Finance has issued announcement No. 1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for PIEs to prepare action plan for adoption IFRSs within four-year period. The management is presently preparing action plan for implementation IFRSs in accordance with the announcement. The accounting principles applied may materially differ from International Financial Reporting Standards (IFRSs).

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses in the reported periods. Although these estimates are based on management's knowledge of current events and actions, actual results may materially differ from those estimates.

2. Accounting policies (Continued)

2.2 Foreign currency transactions

Items included in the financial statements are recorded using Lao Kip ("LAK").

Foreign currency transactions are translated into LAK using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into LAK at the exchange rates prevailing at the balance sheet dates. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities, if any.

2.4 Trade and other receivables

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. Management consider provision for allowance for doubtful account when the outstanding balance is over 3 years.

No provision made on outstanding balances of loan to related parties, trade and receivables and other receivables from related parties.

2.5 Inventories

Inventories are stated at the lower of the purchase cost and net realisable value. The cost is determined using the weighted average method. The purchase cost comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates from suppliers. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.6 Investment securities

2.6.1 Held-to-maturity securities

Held-to-maturity investment are debt securities with fixed or determinable payments and maturities, which the Company has intention and ability to hold to maturity to earn interest. When they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

2. Accounting policies (Continued)

2.6 Investment securities (Continued)

2.6.1 Held-to-maturity securities (Continued)

Held-to-maturity securities are initially recognised at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortised in the statement of income using the straight-line method over the year from the acquisition dates to the maturity dates.

Periodically, the held-to-maturity securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the value below their cost. Provision for impairment is recognised as "Net gain/(loss) from securities investment" in the statement of income.

2.7 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to their residual values over their estimated useful lives, as follows:

Asset types	Years
Building	10
Vehicle	10
Office equipment	5
Furniture and fixture	5

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in statement of income.

2.8 Borrowings

Borrowings are recognised initially at cash proceed received.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

All borrowing costs are recognised in statement of income in the period in which they are incurred.

2. Accounting policies (Continued)

2.9 Revenue recognition

Revenue comprises the invoice value net of rebates and discounts, if any. Revenue from the construction and services are recognised when the goods or services are transferred or delivered and accepted by the buyer.

Other income is recognised on the following basis:

- Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and interest rate over the period to maturity, when it is determined that such income will be accrued to the Company.
- Other income is recognised on an accrual basis.

2.10 Taxation

The Company records corporate income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods for temporary differences. Profit tax is calculated by revenue from construction within a year multiplied with gross profit ratio and multiplied with profit tax rate (Note 18). The profit tax will off-set when Government of Laos make payment to the Company.

In Lao PDR, income tax returns are reviewed in details by the relevant authorities on a regular basis. Tax issues raised during the reviews may require judgments and interpretations by the relevant authority. Tax reviews may result in additional tax payments or refunds as necessary. Such additional payment or refund is recognised as income tax expenses in the year in which the reviews are completed.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated, except for the provision for employee benefits as described in Note 2.12.

2.12 Employee benefits

According to the Lao Labor Law, when staff retire and meet the certain criteria as mentioned in Lao Labor Law. Therefore, the Company has obligation to pay to the staff for retirement expenses.

Provisions for employee benefits are not accrued in each year. The liability recognised in the statement of financial position and related expenses are recognised in the income statement based on actual amount due at the time of employees retire.

3. Significant events during the current year

The COVID-19 infections in Laos increased significantly during April 2021 leading to the lockdown of Vientiane Capital and all provinces of Laos. This significant increase of infections is described as the second wave where stricter measures taken by various governments to contain the virus have affected the economic activity.

Management reviewed the effect from those events to their business, according to Lao environment which number of inflections is limited and can be controlled then this issue has not affect to their business. Management considered that there is no significant effect from Covid-19.

Management will continue to monitor the ongoing development and regularly assess the financial impact in respect for the valuation of assets, provisions and contingent liabilities.

4. Cash and cash equivalents

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Cash on hand	139	79
Deposits held at call with financial institutions	385	97
	524	**176**

Cash on hand includes petty cash for day to day operation.

Deposits held at call with financial institutions represents cash deposited with reputable local banks in currencies, US dollars, Thai baht and Lao kip in current accounts with none interest.

5. Trade and other receivables, net

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Trade account receivables	314,994	314,994
Less: Allowance for doubtful debt	(297,010)	(297,010)
Trade accounts receivable, net	17,984	17,984
Amount due from Phousy Group	76,682	76,682
Short-term loan to Phousy Group	56,077	55,941
Other receivable	2,442	2,442
	153,1185	**153,049**

(a) The outstanding trade receivable balance as at 31 March is aged as follows:

5. Trade and other receivables, net (Continued)

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Not yet due	-	-
Overdue:		
0-3 months	-	7,479
3-6 months	-	-
6-12 months	14,565	7,085
Over 1 year	2,912	2,912
Over 2 years	508	508
Over 3 years	297,010	297,010
Trade and other receivables, net	314,994	314,994
Less Allowance for doubtful debts*	(297,010)	(297,010)
	17,984	**17,984**

*The Company has only one customer, Government of Laos (GoL), which will consider provision for doubtful account in some certain criteria. Although there was no default payment from GoL in the past however, management considered to set up allowance for doubtful account 100% for outstanding balance over 3 years for conservative. Except there is the agreement from GoL for payment.

6. Other current assets

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Interest receivable from related party*	12,493	12,493
Other receivable	359	359
Advances to supplier	205	205
Advances to staff	38	38
Prepayment	65	48
	13,161	**13,143**

* Interest receivable from related party – related from loan to Phousy Group in Note 5.

7. Property, plant and equipment, net

	Land Million LAK	Building Million LAK	Motor vehicles Million LAK	Furniture and fixture Million LAK	Computer and office equipment Million LAK	Total Million LAK
At 31 December 2021						
Cost	466,896	18	34,852	1,061	448	483,275
Less Accumulated depreciation	-	(14)	(32,337)	(1,051)	(445)	(33,847)
Provision for impairment	-	-	(1,299)	-	-	(1,299)
Net book amount	**446,896**	**4**	**1,216**	**10**	**3**	**448,129**
Opening net book amount	**466,896**	**4**	**1,216**	**10**	**3**	**448,129**
Depreciation charge (Note 16)	-	(2)	(787)	(18)	(13)	(854)
Write-off of assets	-	-	-	-	-	-
Closing net book amount	**446,896**	**2**	**429**	**10**	**(10)**	**447,275**
At 31 March 2022						
Cost	446,896	18	34,852	1,061	448	483,275
Less Accumulated depreciation	-	(16)	(33,124)	(1,103)	(458)	(34,701)
Provision for impairment	-	-	(1,299)	-	-	(1,299)
Net book amount	**446,896**	**2**	**429**	**(42)**	**(10)**	**447,275**

Land LAK 37,681 million are secured for the Company's borrowings (Note 10) and LAK 401,569 million are secured for the Phousy Group's borrowings.

8. Trade and other payables

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Trade payable - third party	14,540	14,358
Other payable - related party (Note 20) b)	45,337	44,458
	59,877	**58,816**

9. Borrowings, net

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Financial institution	38,422	38,422
Related parties (Note 20) b)	15,810	15,825
	54,232	**54,247**

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Current	54,232	54,247
Non-current	-	-
	54,232	**54,247**

The movement in borrowings can be analysed as follows:

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Opening balance 1 January	54,232	54,422
Additions during the year	-	3,600
Repayments of borrowings during the year	-	(3,775)
As at 31 March	**54,232**	**54,247**

Borrowing from financial institution and related parties.

The Company signed a borrowing agreement amount LAK 36,000 million and LAK 5,000 million with local financial institution for working capital for road construction with interest rate of 17 % and 13 % respectively per annum since year 2015. This borrowing is guaranteed by land of the Company (Note 8) and land of related parties. The Company is required to repay principal within 3 years after the first drawdown on annually and interest is payable on monthly.

As at reporting date, the new term loan in discussion with lender, therefore the Company recognise interest expense based on the condition as mention on above.

9. Borrowings, net (continued)

During the year 2021, the Company took additional borrowing amount LAK 3,600 million from related parties (Note 20) interest rate 10 % per annum.

The aging analysis of these borrowings is as follows:

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Less than one year	54,232	54,247
More than one year but not over 5 years	-	-
	54,232	**54,247**

10. Profit tax payable

According to the profit tax payment practice between tax authority and the Company, Profit tax is calculated by revenue from construction within a year multiplied with gross profit ratio and multiplied with profit tax rate. The profit tax will off-set when Government of Laos make payment to the Company.

As at 31 March 2022, profit tax payable presented profit tax payable from construction revenue during the year and before 2022.

11. Other current liabilities

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
VAT payable	31,700	31,211
Interest payable from related parties	2,231	1,835
Interest payable from financial institutions	25,595	24,012
Dividend payable	754	1,863
Advance received from sub-contractor	893	754
Advance received from Government	1,139	893
Accrued salary	117	-
Others	1,863	1,093
	64,292	**61,661**

12. Share capital and premium on share capital

	Number of shares Million Shares	Ordinary shares Million LAK	Share Premium Million LAK	Total Million LAK
At 1 January 2021	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 March 2021	**582**	**582,000**	**12,540**	**594,540**
At 1 January 2022	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 March 2022	**582**	**582,000**	**12,540**	**594,540**

As at 31 December 2021, the Company has share 582,000,000 shares with a par value of LAK 1,000 per share and issued shares were fully paid.

The Company incurred premium on share LAK 12,540 million when list in Lao Securities Exchange in 2017.

13. Legal reserve

	Unaudited 31 March 2022 Million LAK	Audited 31 December 2021 Million LAK
Opening balance	11,572	11,572
Addition during the year	-	-
	11,572	**11,572**

The legal reserve is set up in accordance with the requirement of the Enterprise Law of the Lao PDR, which requires that at least 10% of the annual net profit be set aside as a legal reserve until such reserve reaches 50% of the authorised share capital.

14. Profit tax expense

According to the profit tax payment practice between tax authority and the Company as described in (Note 10), profit tax expense presented profit tax from construction revenue during the year but GoL do not make payment.

15. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Unaudited 31 march 2022	Unaudited 31 march 2021
Weighted average number of ordinary shares (million shares)	582	582
Net (Loss) for the year attributable to shareholders (million LAK)	(3,550)	(4009)
Basic earnings (loss) per share (LAK)	**(6.10)**	**(6.89)**